

**COMMONWEALTH OF KENTUCKY
KENTUCKY GAS PIPELINE AUTHORITY**

BYLAWS

WHEREAS, the Kentucky Gas Pipeline Authority ("the Authority") was created pursuant to the authority of House Bill 225, enacted by the 2005 Regular Session of the General Assembly of the Commonwealth of Kentucky, now codified as KRS Chapter 353.750-353.770 as a body corporate and politic, and an agency and instrumentality of the Commonwealth, to provide a financing mechanism for the construction, reconstruction, improvement, or repair of any gas pipeline or appurtenant facilities together with all property, rights, easements, and interests which may be acquired by the Authority to facilitate the construction, reconstruction, improvement or repair of any gas pipeline or appurtenant facilities. Except for projects involving repair or replacement, projects shall be limited to areas where no gas pipelines exist or where existing lines have insufficient capacity to transport Kentucky gases to market; and

WHEREAS, this financing mechanism will increase severance tax revenue for Kentucky, create jobs for Kentuckians and create a competitive advantage in environmentally responsible energy development; and

WHEREAS, the Authority is authorized by KRS 353.754 to adopt Bylaws to govern the conduct of its affairs;

NOW, THEREFORE, the Authority hereby adopts the following Bylaws, which shall be in effect until changed by the Authority, to wit:

**ARTICLE I
Definitions**

All words or phrases used in these Bylaws, and in proceedings and resolutions of the Authority under the Act, as amended, shall have to the extent defined in the Act, the same meanings as assigned such words or phrases by the Act. Any conflict between language used in these Bylaws, or in any proceedings of the Authority, and the Act, shall be resolved in favor of the language of the Act which is, in all such respects, controlling.

**ARTICLE II
Office**

The principal office of the Authority shall be the office of the Secretary of the Finance and Administration Cabinet, Room 383, Capitol Annex, Frankfort, Kentucky 40601, or at such other location as the Board may designate.

ARTICLE III

Membership

Membership of the Authority is as established by KRS 353.752. Specifically, the affairs of the Authority shall be managed and carried out by a board consisting of nine (9) members. Any four (4) voting members of the Authority shall constitute a quorum. The Secretaries of the Commerce, Finance and Administration and Environmental and Public Protection Cabinets, or their designees, shall be members of the Authority. There shall be three (3) members, one (1) designated by the Kentucky Oil and Gas Association, one (1) designated by the Kentucky Society of Professional Engineers, who shall have experience in oil and gas pipeline construction, and one (1) designated by the Kentucky Gas Association, representing a natural gas distribution company with a minimum throughput of ten billion (10,000,000,000) cubic feet, and one (1) citizen member appointed by the Governor. There shall be two (2) nonvoting legislator members, one (1) appointed by the President of the Senate and one (1) appointed by the Speaker of the House of Representatives. All members of the Authority shall have full voting rights on any matter pending before the Authority, with the exception of the two (2) nonvoting legislator members. All members with voting rights may vote by proxy. Pursuant to the statute, the terms of the Executive Branch members shall run with the appointment to the respective office or position. The terms of the members designated by the Kentucky Oil and Gas Association and the Kentucky Society of Professional Engineers shall be two (2) years beginning on August 1, 2005. The terms of the members designated by the Kentucky Gas Association and the citizen member appointed by the Governor shall be three (3) years and four (4) years, respectively, beginning on August 1, 2005.

ARTICLE IV

Officers and Employees

A. Officers of the Authority shall be a Chair and a Vice Chair. The Secretary of the Finance and Administration Cabinet shall serve as Chair and members of the Authority shall elect a Vice Chair from their membership. Members may be re-elected to serve as a Vice Chair.

B. The Secretary of the Finance and Administration Cabinet shall designate an employee of his or her cabinet to serve as Treasurer of the Authority. The Treasurer shall give bond to the Authority for a faithful accounting of all funds coming into his or her custody in the amount the Authority may prescribe, drawn upon a surety company qualified to do business in the Commonwealth. The Commonwealth shall pay the premium.

C. The Secretary of the Finance and Administration Cabinet may appoint an Executive Director and, pursuant to statute shall appoint a Treasurer and other staff necessary for the Authority to conduct its duties. The Authority shall appoint a Secretary. The Executive Director, the Secretary, the Treasurer, and any other staff members shall not be members of the Authority. Appointments of such employees shall

be made upon recommendation of the Chair. If no Executive Director, Secretary or Treasurer are appointed, their respective functions, or other functions determined by the Authority to be beneficial, may be performed on an "acting" basis by staff of other agencies as per a Memorandum of Agreement between the Authority and the assisting agency.

All agreements to which the Authority is a party shall be executed manually by the Chair or by the Executive Director, as so authorized, and the manual signature of the Secretary shall attest the Chair's or the Executive Director's signature.

Notwithstanding the foregoing, Bond Certificates representing debt obligations of the Authority may be executed with the facsimile signatures of the Chair and Treasurer; provided, however, that the legal document under which such debt obligations are authorized shall provide that each such Bond Certificate so executed with the facsimile signatures shall be manually executed by a duly authorized officer of a bank or trust company as the Authority's designated Bond Registrar and Transfer Agent.

ARTICLE V

Executive Committee

A. There is hereby created an Executive Committee of the Authority consisting of the officers of the Authority. The Chair shall preside at meetings of the Executive Committee. If a member of the Executive Committee resigns or is unable to serve on the Executive Committee for any reason, the Chair shall appoint a member or members of the Authority to fill the vacancy or vacancies until the next meeting of the Authority, at which time a new member or members of the Executive Committee shall be elected.

B. The Executive Committee shall review and recommend business items to be submitted to the Authority for consideration and final approval, provided that any member of the Authority may propose additional items for consideration by the Authority. Except as specifically authorized by a resolution, or a motion recorded in the minutes of a meeting of the Authority, a majority of the members present voting in favor thereof, the Executive Committee shall have no power to take final action with respect to the implementation of any infrastructure project proposed for approval for financial assistance under the Act. Following adoption of a preliminary authorizing resolution by the Authority with respect to the issuance of specific bonds, notes or other obligations of the Authority, the Executive Committee may from time to time be vested with the power to act on behalf of the Authority in approving the final principal amount of such bonds, notes or other obligations to be issued by the Authority and the forms of contracts and offering documents relating thereto.

ARTICLE VI

Meetings

A. The Authority shall meet not less than every twelve (12) months and at

such other times when a special meeting is called. Special meetings of the Authority may be called by the Chair and, upon written request of two (2) members. The Chair shall call a special meeting of the Authority, to be held not later than twenty (20) days following receipt of the written request. The Chair shall give notice through the Secretary at least ten (10) days prior to the time of any meeting. If a meeting is to be held at the call of the Chair, the call may be made in writing or orally, by telephone or otherwise, and shall advise members of the Authority of the time, date, and place of the meeting, and the nature of the business to be considered at such meeting. If the Chair is of the opinion that an emergency exists, meetings of the Authority shall be held at the designated times and locations at least forty-eight (48) hours after issuance of the call for the meeting. The Secretary shall provide notice of all meetings of the Authority and of the Executive Committee to the press, electronic media, and the public, as required by the Kentucky Open Meetings Act, KRS 61.805 to 61.850.

B. The Chair, or in his or her absence the Vice Chair, shall preside at Authority meetings. If the Chair and the Vice Chair are absent from a meeting, the Chair may designate a member or the Executive Director of the Authority to preside over the meeting. Meetings of the Authority shall be conducted generally according to the rules of proceedings outlined in the most current edition of Roberts' Manual of Parliamentary Rules.

C. Any and all meetings of the Board and any committees thereof may be conducted by means of video teleconferencing upon compliance with the requirements of KRS 61.820 or 61.823 as appropriate.

ARTICLE VII

Administrative Functions

A. The administrative functions of the Authority shall be performed by the Executive Director under the supervision and direction of the Chair. The Executive Director shall be authorized, with the approval of the Chair, to take all action specifically or by necessary implication authorized by the Authority to carry out the Authority's administrative functions. The Executive Director shall supervise the functions of the Secretary and/or Treasurer and all other staff of the Authority as may exist. If no Secretary and/or Treasurer of the Authority are appointed, the respective functions may be provided by other staff as so directed.

B. The Secretary of the Authority shall take, transcribe, distribute copies to members of the Authority, and maintain and preserve a permanent record at the Authority's office, of the minutes of all meetings of the Authority and of all meetings of the Executive Committee. The Secretary shall prepare and maintain an accurate record of the proceedings of both the Authority and the Executive Committee, and shall maintain and preserve the Authority's official correspondence files, and all books and other records of the Authority at the Authority's office. The Authority's records shall be open to public inspection as provided by the Kentucky Open Records Act, KRS 61.870 to 61.884. The Executive Director shall acquire, and the Secretary shall maintain a seal

for the Authority, which shall bear the legend "Kentucky Gas Pipeline Authority." The seal shall be impressed or reproduced upon documents to which the Authority is a party, but the absence of the seal from any document shall not invalidate the legal effect of such document when executed on behalf of the Authority by the Chair or the Executive Director and the document is otherwise properly authorized, ratified, or approved for execution by the Authority. The signature of either the Executive Director or the Secretary shall attest the Authority's official acts.

C. The Treasurer of the Authority shall receive and disburse funds of the Authority and shall keep all monies of the Authority deposited in its name as required by the Act, KRS 353.756. The Treasurer shall report to the Authority annually, or more if conditions warrant, on all funds coming into the hands of the Treasurer as custodian for the Authority. The Treasurer shall disburse the funds of the Authority for any purpose for which such disbursement may be made under the Act, or for any other purpose for which they may be properly and legally expended, upon authorization by the Chair, the Executive Director, or as approved by the Authority by resolution or motion recorded in the minutes and duly adopted at a meeting of the Authority.

D. The Treasurer of the Authority shall prepare a complete operating and financial statement covering the Authority for each fiscal year which, after review and approval by the Authority, shall be submitted to the Governor and the General Assembly within 120 days after the close of the fiscal year.

E. If any officers of the Authority whose signature, or facsimile thereof appears on any bonds of the Authority or on any other instruments or documents pertaining to the functions of the Authority ceases to be an officer before delivery of the bonds, or before the effective date or occasion of the instruments or documents, the signature or facsimile shall nevertheless be valid for all purposes the same as if the officer had remained in office until the delivery or effective date or occasion.

ARTICLE VIII

Amendment of Bylaws

These Bylaws may be amended only upon approval of four (4) voting members of the Authority acting at either a regular meeting or at a special meeting called for the purpose of amending these Bylaws.

CERTIFICATE OF ADOPTION

It is hereby certified that the foregoing Bylaws of the Kentucky Gas Pipeline Authority were adopted by the Authority at a meeting held on the 30th day of August, 2005, all members of the Authority being present at such meeting, and a majority of the members voting in favor of adoption of the Bylaws.

This the 30th day of August 2005.

ROBBIE RUDOLPH, CHAIR
KENTUCKY GAS PIPELINE AUTHORITY

ATTEST:

SECRETARY
KENTUCKY GAS PIPELINE AUTHORITY

EXAMINED:

OFFICE OF LEGAL SERVICES
FINANCE AND ADMINISTRATION CABINET